Introduction to Uber

Uber is a smartphone app that allows customers to book a private hire vehicle or taxi at the touch of a button within a matter of minutes. Riders download the app from the iTunes, Android or Windows app store, create an account with their personal and credit card information, and then can see the nearest available drivers and their ETA to their desired pickup location.

Uber launched in the UK in 2012 in London, and is now in Manchester and Leeds with plans to expand further in 2015. Uber is fully compliant with the private hire and taxi legislation in the UK and the safety of our passengers and drivers is our number one priority.

Uber brings a number of clear benefits to the UK market:

- More choice for consumers and drivers;
- Technology brings increased efficiency that allows lower fares - drivers can earn more by being more productive, while consumers pay less;
- More flexibility for drivers to run their own businesses. That means they can work for Uber when they want and on a non-exclusive basis;
- We equip drivers with real time data on demand, so they can make more money and serve our customers more effectively.

Our conviction is clearly shared by our hundreds of thousands of riders here in the UK who now take millions of trips with Uber every month. Over the coming months we want to continue to do more to create jobs and help reduce congestion and deliver cleaner, safer streets in the UK’s major cities.

Passenger and driver safety is our first concern for Uber in every market in which we operate. To ensure we provides the safest and most reliable ride in town, Uber employs various mechanisms, which are catered to the city in which it operates.
Rider safety

- Professionally licensed: In the UK, every Uber driver holds a private hire driver and vehicle license from the licensing authority (which includes an extended criminal records check). Uber itself are licensed private hire operators in our every jurisdiction we operate in and have formally applied in both Glasgow and Edinburgh.
- Insurance: No matter the Uber service (uberX, uberXL, UberEXEC, UberLUX, UberTAXI), from the moment a rider is picked up to the moment they are dropped off, their ride is covered by commercial liability insurance. Uber ensures each partner driver maintains the requisite cover.
- Driver profile: Safety starts before a passenger gets in the car. Once a rider has requested a ride, he or she is passed their driver's name, photo, registration and vehicle type, so they can be 100% sure they are getting in the right car, with the right driver, and both are licensed and insured.
- No street hailing: The Uber app pinpoints a rider's location, allowing for true door to door service, allowing riders to wait comfortably in their home, office, or other pick up location until their car has arrived.
- Share a live map of progress: Riders also have the option to “share their ETA” allowing family members or anyone of their choosing to follow their ride in real time to ensure a transparent and safe arrival.
- Anonymous ratings: After every trip, riders are asked to anonymously rate their driver on a scale of 1 to 5, adding trust and improved quality of service, and providing us with realtime feedback on driver performance. Drivers work hard to keep their ratings high and know that the Uber culture of accountability goes both ways (drivers rate riders too).

Driver safety

- Anonymous ratings: Driver feedback is important too. Just as riders have the opportunity of anonymous rating, so do our partner drivers. We take a zero tolerance approach to any rider behaviour that makes drivers concerned for their own safety, their vehicle safety or is in any way abusive toward drivers or in violation of the terms of service.
- No random pick ups: Before their first trip, Uber riders are required to create an account with their personal information. Rides can only be requested through the app, meaning drivers know whom they are picking up in advance and there is a detailed record of every trip.
- Fully cashless: Fares are charged automatically to the rider’s credit card so a driver never has the risk of carrying cash or fear of being robbed.

As the Committee heard in its hearing on 21st January 2015, Uber currently offers a range of five services to passengers in London. Firstly, uberX is the low-cost option for fast and reliable service. This option seats up to four people and the majority of these vehicles are Toyota Prius’. uberXL offers a larger service, seating up to 6 passengers in London, and up to 8 in Manchester. UberEXEC is the next level up, offering up to four people discreet executive quality. Beyond this, UberLUX is the high-end offering from Uber offering ultimate luxury and style. Crucially, each of these options involves a professional driver with a private-hire license and commercial insurance. Finally, understanding the critical role that black cabs play in
the London market, Uber offers UberTAXI. This service allows customers to access this iconic, knowledgeable and versatile service through the use of an app.

Importantly, in contrast to the evidence the Committee received on the 21st January 2015, we are entirely transparent about the various options available to our customers.

In 2014, Uber’s London operations underwent the largest ever compliance inspection by TfL with over 22,000 documents inspected and were found to be compliant with existing legislation. The use of technology has helped to provide greater transparency and a greater incentive for the industry to assure its own compliance with the industry’s regulations.

Why Uber is submitting evidence

In the UK, every single independent Uber partner-driver and their vehicle is licensed and regulated by the local regulator as a private hire or taxi driver. Therefore, we have a significant interest in the shaping of future taxi and private hire vehicle legislation.

Uber is committed to understanding and engaging on the key issues for taxi and private hire passengers in the UK, whilst also remaining in close contact with all relevant stakeholders as Uber develops its role in the taxi and private hire vehicle market.

We believe the Uber platform adds significant value to the transportation sector. The addition of our new technology and choice is contributing to the ongoing debates and questions regarding how best to shape regulation in the sector. We are keen to work with the Local Government and Regeneration Committee, Government and stakeholders to make sure that people in Scotland get the best value, most efficient and safest service they possibly can.

We believe to best plan for the future, it is imperative that the Committee hear from the entirety of the Taxi and Private Hire Vehicle industry, especially as we enter a period of exciting growth.

Structure of response

Our response to the Committee sets out our thoughts on the Bill’s primary Taxi and Private Hire Vehicle issues, using the examples of Uber’s existing business in the UK. The response is structured around two main questions from the online form:

“What benefits should the licensing of taxis and private hire cars deliver for customers?”

“Do the changes made by sections 60 (overprovision of private hire car licences) and 61 (testing of private hire car drivers) of the Bill strike the right balance in terms of introducing greater consistency while maintaining justifiable differences?”
This written document also addresses a number of points raised in the 21st January 2015 hearing. However, Uber will also be on hand throughout this process to help the Committee answer any questions it may have.

“What benefits should the licensing of taxis and private hire cars deliver for customers?”

Uber believes that the Scottish Government should use this Bill as an opportunity to begin to move towards a firmer long term footing, and ensure that consumer waiting times - especially at night - are kept to a safe, low level. In particular, the Committee should be encouraging:

- Wider adoption of mobile internet technologies by all market players to improve the user experience and as the basis for more efficient operational management. This will enable a sustained high level of weekday service while ensuring drivers achieve the activity levels that they desire (whether they work fulltime or part-time);
- Encourage the emergence of services that promise a larger pool of drivers and mobility options at times of peak demand. Here passengers, and in particular vulnerable ones, will be the main winners as faster pickups mean greater safety.
- The emergence of pooling services with their attendant environmental, congestion and consumer benefits. Uber is at the forefront of all of these developments, and is of course ready and willing to assist the NTA as they work through the exciting new opportunities for consumers and for drivers.

Uber is complementary to public transportation, and offers an effective solution to the “last mile” problem, when the final destination is not near a bus / train / tube station.

Data collected indicates that Uber is a transportation solution that people want to use not only in the city centre, but also in more distant neighborhoods and the airport. Uber can also offer a mobility alternative to neighbourhoods that are currently underserved by transportation solutions.

With the necessary liquidity, Uber could position itself as a reliable and complementary addition to Scotland’s mobility solutions (train, metro, bus, bicycle, etc.), thereby reducing the need to own a private vehicle.

The map below shows the coverage of Uber journeys in London. 40% of these rides begin or end in areas of the city traditionally characterised as being ‘underserved’ by public transport. These trips may link families; customers with local businesses, nightlife, or entertainment options; make airport trips more affordable by cutting out the need to pay daily parking fees, and facilitate public transport access.
Uber provides consumers with a reliable option that complements existing public and private transportation options. Metro and light rail can provide frequent, speedy, and convenient service across an urban area, but they only go so far. Uber ensures that no matter when or where someone needs a ride home, they can get one.

Indeed, Uber helps solve this “last mile” problem in areas beyond the reach of existing mass transit networks, offering residents a reliable connection that feeds them into public transportation networks.
A sample of Uber trips [blue arrows] originating at rail stations [red dots] in the greater London area

This promotes the use of the buses, trams, and other public transit options for those heading out for a night on the town by removing the calculation of whether the same public transport option will definitely be reliable or even operating for the return trip—particularly late at night. At the same time, these benefits also ensure public transit becomes a more viable alternative for commuters, resulting in fewer cars being driven into the core of London. This is more than merely intuitive or anecdotal. Uber’s trip data for the last quarter of 2014 demonstrates that nearly three-quarters of Uber rides in London are “one-way trips,” meaning that riders completed their start or return journey using another transportation option.

Across the world, the taxi and private hire market is becoming increasingly competitive and innovative as the distinctions between taxis and private hire blur. Rather than rely on an enforced monopoly, every company has to compete on price and the quality of its service. Uber has tested many different business models across the 54 countries we operate in. As described in the Introduction to Uber, London is a great example of this – Uber now offers a range of services through uberX, uberXL, UberEXEC, UberLUX and UberTAXI. Beyond our model, in London,
Kabbee allows you to compare the prices from thousands of minicabs, whilst Hailo, ubuCabs or GetTaxi allow you to book a black cab through your iPhone. Furthermore, the Addison Lee app allows you to book one of its 4,500 minicabs, whilst greentomato allows you to use a hybrid. All these technologies provide the potential for a significant expansion of the market, allowing many more people to be able to afford to use taxis regularly. As such, platforms such as Uber must be seen as additive, not abstractive, to a market where greater choice will benefit both the customers and the drivers.

“Do the changes made by sections 60 (overprovision of private hire car licenses) and 61 (testing of private hire car drivers) of the Bill strike the right balance in terms of introducing greater consistency while maintaining justifiable differences?”

Proposals to grant licensing authorities the power to refuse private hire car licences on grounds of overprovision is potentially severely detrimental to the interests of consumers in Scotland. The concept of quotas of taxis in jurisdictions limits choice for passengers, effectively guarantees that services are over-priced and does not allow different providers to compete on the basis of quality of service.

Quotas have been criticised and discredited by every competent and unbiased authority that has examined the issue. In 2003, the Office of Fair Trading published the results of an inquiry into the regulation of taxis and minicabs in the country. Its conclusions were:

- Quantity restrictions, where used by local authorities, should be removed;
- Quality and safety regulation should be proportionate to public policy goals, so as to avoid them become an implicit barrier to market entry
- Price flexibility should be permitted, even while regulated fare caps remain necessary to protect vulnerable groups.

More recently, in 2007 the OECD undertook arguably the most thorough cross-country analysis of the history and impact of taxi regulation.1 The key findings of the report were:

- Entry restrictions are unjustified: ‘Restrictions on entry to the taxi industry constitute an unjustified restriction on competition. Regulatory capture frequently means that these restrictions lead to large transfers from consumers to producers, economic distortions and associated deadweight losses.’
- Entry restrictions do not benefit drivers OR consumers: ‘Although entry restrictions are often justified on equity grounds there is no evidence that drivers fare better in restricted markets. On the other hand, higher prices and lower availability disproportionately affect low-income consumers of taxi services.
- Market reforms work: ‘Increasing numbers of OECD countries have removed or loosened supply restrictions on taxis. The results of these reforms have been strongly positive, with reduced waiting times, increased consumer

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satisfaction and, in many cases, falling prices being observed.’

- Reforms should be carried out quickly: ‘In highly restricted taxi markets, immediate implementation of an open entry policy is likely to be politically challenging. However, adopting staged approaches delays the achievement of reform benefits and poses major practical risks that reform will be stalled or reversed. Immediate reforms have been completed successfully in some highly restricted markets.’

Supportive, innovation-friendly regulation is important: ‘Removing entry restrictions does not imply removing quality based regulation. Indeed, supportive regulation is a precondition for fully achieving the potential benefits of adopting an open entry policy. That said, remaining regulatory arrangements must not unduly inhibit the development of innovative service offers and industry models.’

This vision of a ‘Supportive Regulatory Environment’ that is friendly to innovation has been set out by the OECD2 in great detail. This environment focuses on removing unnecessary restrictions on competition while maintaining quality regulation in the following areas:

- No entry restrictions: entry restrictions ‘constitute an unjustified restriction on competition’;
- Positive conduct regulation: sanctions against ‘refusals of short trips, “no shows” and other forms of poor driver behavior’;
- Vehicle standards: age or testing regimes;
- Driver standards: ‘typically…a “fit and proper person” test, designed to ensure passenger safety’;
- Facilitating innovation: ‘…for example, if price regulation is to be retained (see below) care must be taken to ensure that it does not inhibit the development of premium services or, on the other hand, of shared ride arrangements’.

Not only does the concept of overprovision not deliver the intended benefits for consumers, it raises the barriers to entry for drivers, effectively preventing the sector from growing and creating jobs.

In January 2014, Edinburgh City Council released a transport analysis of the trends seen between the 2001 and the 2011 Census. Edinburgh has seen both a rising proportion of households who do not own a car, and a declining proportion of people who drive to work. Nearly 40% of households in Edinburgh do not own or have access to their own car or van – well above the Scottish average of 34% and exceeded only by Glasgow (51%) and Dundee (42%). The number of Edinburgh households without a car (over 89,000) is higher than at any time since the 1970s.3

Uber’s technology and the possibility to get a car on demand has introduced an enormous efficiency on the market (where before, the supply was unable to meet the existing demand), allowing:

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- Drivers to complete more trips per hour and hence increasing their income.
- Lowering the price for users.

Uber is a complementary transportation solution at a price point that enables regular usage. We have seen in other cities that POP has the potential to drastically reduce the role of private cars in cities, and thereby reduce urban pollution and congestion.

Services like Uber - and our competitors - also lay the groundwork for a future of much greater sharing of transportation within cities. Uber effectively optimises the utilisation of capital and resources - light transportation users who stop or reduce the use of a private car could reallocate their capital / resources previously dedicated to their private vehicle. But for further innovation to succeed, market liquidity is vital.

A move to allow for limitations to the number of licenses in different local authorities as per Section 60 of the Bill could be extremely damaging to both the growing number of consumers and the drivers involved. Rather, the Scottish Government should foster an environment that encourages choice and competition to the benefit of both passengers and drivers.

With this in mind, it is also our belief that Section 61 of the Bill is an unnecessary burden on private hire drivers, which has the potential to limit the choice and competition in the market. With the advent of technology, drivers are able to deliver an efficient service to their customer without the need to have passed a test. Whilst there will always be a place for the knowledge gained by a taxi driver, the option should be available to driver and passenger alike in a competitive market.

21st January 2015 Hearing and other notable points

Safety

Whilst we stated the safety aspects of appropriate licensing earlier in this submission, we would like to repeat here that Uber is committed to the highest safety standards. We understand the fundamental importance of safety to our customers and drivers so we ensure that our technology goes above and beyond in terms of public safety.

Furthermore, we give passengers the opportunity to give honest feedback about the Uber driver taking them to their destination. Drivers that do not consistently keep our customers happy, foster an environment in which the customer feels safe, and get good ratings are removed from our service.

As a whole, technology is making us safer and deterring crime. In the 1990s, immobilisers, smart keys and vehicle tracking helped to deter vehicle theft.\(^4\) Car crime fell from 4.3mn thefts in 1993 to fewer than 1.1mn in 2011.\(^5\)

Today, new ‘kill switches’ or biometric protection such as the iPhone’s TouchID can help to deter the new wave of smartphone theft – but much more important than

property crime is the potential impact of tech on personal safety. One paper from 2012 found a strong negative correlation between mobile phones and violent crime in America.\textsuperscript{6}

Uber’s entry into the Chicago market saw crimes in taxi-cabs fall by 20%.\textsuperscript{7} The persistent communication and opt-in GPS tracking offered by today’s phones offer greater security and protection, while ensuring privacy is not breached without our consent.

Uber is also proven to reduce drink driving in cities. A new report conducted in partnership with Mothers Against Drunk Driving (MADD) reveals that when empowered with more transportation options like Uber, people are making better choices that save lives. In California, Uber’s home state and largest market, drunk-driving crashes fell by 60 per month among drivers under 30 in the markets where Uber operates following the launch of uberX. That’s an estimated total of 1,800 crashes prevented since July 2012.

Platforms like Uber lead to little incentive for taxi touting. Indeed, the Uber app automatically pinpoints your location to provide true door-to-door service meaning the customer can remain safe indoors until a driver arrives. Through the app, your driver profile (including his name, license plate number, photo, and rating) will appear upon request of a car, meaning the customer knows exactly who is picking them up. Furthermore, passengers are asked to provide feedback following their journey meaning Uber drivers are entirely accountable for their levels of service.

**Accessing quick, efficient services at the click of a button**

With an increasingly connected world, passengers demand things to be faster, better and cheaper. At Uber, we believe that our app offers passengers this opportunity.

Our riders not only like the convenience of having us at the touch of a button, but it also delivers for them the speed with which they are used to accessing other services such as online shopping with next day delivery, or instant film viewing online. Indeed, on average in central London, Uber’s Estimated Time of Arrival (ETA) is just over three minutes.

We also offer value to our customers, who can have fantastic, affordable and easy ways to get places, simply on their phone. From low-cost to luxury cars we offer affordable choices for passengers with varying budgets and requirements.

**Fares and Payment Options**

Uber is a supply and demand service that provides a range of options based on a customer’s travelling needs. In particular, Uber is proud to be opening up a private hire service to people who could not previously afford this through access to uberX. In an article for the London Evening Standard, Lucy Tobin wrote that: “The fact is, for those without a corporate expense account or a banker’s salary, or who happen not to live in central London but still need to get home late, the new minicab apps are making it much cheaper and easier to do so”. In extreme cases of peak demand,

\textsuperscript{6} Unfortunately, the data was not good enough to test the direction of causation.

\textsuperscript{7} Uber’s Impact on Taxi Crime in Chicago, 2014, http://blog.uber.com/chicagotaxicrime
Uber’s prices flux and react to the market and are fully transparent with the customer.

Accessibility

In his evidence, Dr Cooper raised the issue of accessibility for disabled passengers. Uber is constantly taking steps to increase broader disability mobility and is confident that our technology will prove a great benefit.

For example, we are ensuring that we offer a range of services that are accessible to all passengers in London; and the addition of the black taxi onto the Uber platform directly provides a wheelchair accessible vehicle option for Londoners. Moreover, the ability to access a black cab direct through the Uber app – rather than hailing in the street – is a safe and reliable option for wheelchair users.

Our technology has allowed us to tremendously increase mobility for our riders with disabilities, and we continue to work hard on features to accommodate all riders’ needs. We use all available resources to make Uber the most user-friendly product to those with disabilities.

Notably, our VoiceOver iOS compatibility means that the Uber app provides a safe transportation option for the visually impaired community that is adaptable to their needs. From booking the ride, to selecting the vehicle and rating the driver – everything can be done using the iPhone’s Siri function. Meanwhile, service animals are always welcome in all Uber vehicles.

Furthermore, for the deaf or hard of hearing, assistive technology such as visible and vibrating alerts can help users to navigate the Uber app. With various text prompts and visual features, audio is not needed for full functionality of the Uber app.

Importantly, whilst there was a discussion of monopolies in the hearing, in many cities, Uber has been shown to be additive to the taxi and private hire vehicle market, not abstractive. The choice and competition that our platform brings to the market is not therefore detrimental to the options that are already available for disabled passengers.

Addressing environmental concerns

Uber is also committed to doing its part for the environment and is having a positive impact. Uber already has over 5,000 hybrid vehicles on its platform in London, driving between 2,000 - 3,000 miles per month. Also, as addressed above, due to more efficient booking systems, Uber drivers spend less time driving around with no passengers in the car, ensuring better asset utilisation. This is an area where new data will be collected as Uber develops its offering in London, and we are of course keen to keep the Committee updated on this.

Conclusion

Uber welcomes the opportunity to engage with the Local Government and Regeneration Committee’s consultation into the Air Weapons and Licensing (Scotland) Bill.
Whilst the Bill itself is a wide-ranging piece of legislation, there are a number of issues relating to taxi and private hire provision in Scotland which are of direct concern to Uber. Notably, we call upon the Government to foster an environment that encourages choice and competition in the market in the interests of consumers and drivers.

Given the depth of discussion regarding Uber in previous oral sessions, we would appreciate the opportunity to provide more detail on our plans for Scotland in person before the Committee.